

FISCAL IMPACT STATEMENT ON BILL NO. **S.332**

(Doc. No. jud0047.lam.doc)

TO: The Honorable Glenn McConnell, Chairman, Senate Judiciary Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: Beth Campbell
DATE: February 9, 2007 SBD: 2007086

AUTHOR: Senator Martin PRIMARY CODE CITE: 38-55-530
SUBJECT: Workers' Compensation Reform

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 332 would amend multiple sections of the Code of Laws of South Carolina, 1976, affecting the payment of Workers' Compensation and Second Injury Fund claims.

EXPLANATION OF IMPACT:

Workers' Compensation Commission

The Commission indicates this Bill will have no impact on the General Fund of the State or on Federal and/or Other Funds.

Attorney General's Office

The Office reports that it would require 1.00 new FTE for a Forensic Accountant at an annual cost to the General Fund of \$108,800 for salary, fringe and other operating expenses.

State Accident Fund

The Agency indicates this Bill will produce a savings in workers' compensation claims that may total millions of dollars due to clarification of benefits and increased predictability. It is difficult to estimate the specific amount of savings since there are a number of other factors that impact the ultimate cost of workers' compensation claims.

Second Injury Fund

The Agency indicates this Bill will have no impact on operating funds. However, this Bill will amend the process used for the acceptance of claims and the calculation used for assessments. These changes only affect the Second Injury Trust Fund. The claims paid out of the Trust Fund will be reduced in future years, but large reductions in payout will not be realized until four to five years from the effective date. Insurance carriers, including the State Accident Fund, will see an immediate reduction in their next annual assessment.

Recapitulation

There will be a cost to the General Fund of \$108,800 and 1.00 FTE. However, there will also be savings of General, Federal and Other Funds that may total millions of dollars based on reduced claims costs. There will also be a reduction in the assessment and payout of the Second Injury Trust Fund.

Approved by:



Don Addy
Assistant Director, Office of State Budget